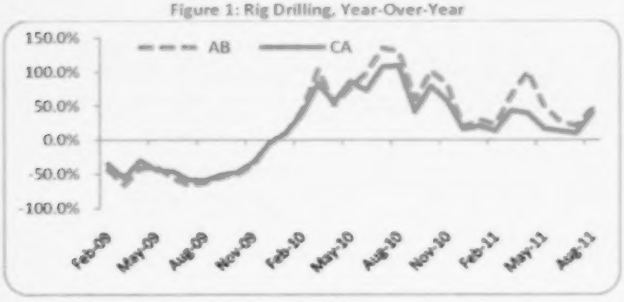
Rigs Drilling

Producers step up drilling again...

The average number of rigs drilling in Alberta reached 323 in August, an increase of 83 rigs over July. This gain brings the year over year increase to 45.2%.

Nationally, the average number of rigs actively exploring for oil and natural gas in Canada increased by 38.7% on a year-over-year basis, reaching 488 last month.

Figure 1: Rig Drilling, Year-Over-Year



Residential Building Construction

Construction edges down ...

Investment in new residential buildings in Alberta declined by 0.5% in the second quarter to $2.9 billion. The decline was driven by a 15.2% decline in renovations, while increases were recorded in new dwellings (11.1%) and acquisition costs (2.8%). On a year-over-year basis, Alberta experienced a total decline in residential construction of 10.9%.

Canadian Real Gross Domestic Product

Growth hits a soft patch in second quarter ...

Canada's real GDP declined 0.1% (or 0.4% annualized) in the second quarter, following a 0.9% (or 3.6% annualized) increase in the first quarter. Despite a continued increase in plant & equipment investment (+3.7%), export volumes declined by 2.1% mainly due to lower energy exports (-6.7%).

On a monthly basis, GDP by industry grew by 0.2%, but the gain was not enough to offset the 0.3% decline in May which followed a flat reading in April. The gain recorded in June was led by retail trade which grew 1%.

Industrial and Raw Materials Product Price Index

IPPI edges down ...

The industrial product price index (IPPI) contracted by 0.3% in July due to a drop in the prices of chemicals & chemical products (-2.6%) and motor vehicles & transportation equipment (-1.3%). The decline was reinforced by the 2.2% appreciation of the Canadian dollar against the US dollar.

↑	**Canadian Dollar (US¢/C$)**	
	September 2, 2011	101.88
	August 26, 2011	101.49
	2011-12 YTD	103.23
↑	**WTI Oil US$/bbl**	
	September 2, 2011	$86.45
	August 26, 2011	$85.37
	2011-12 YTD	$97.74
↓	**Nymex Natural Gas US$/MMBtu***	
	Near-month Contract	
	September 2, 2011	$3.87
	August 26, 2011	$3.93

** Estimate based on Nymex Futures Market Price*

RMPI continues to fall ...

The price index for raw materials (RMPI) dropped 1.2% in July, the third consecutive decline, following -2.4% in June and -5.1% in May. The decline was driven by mineral fuels which fell 2.2% and vegetable products which declined 2.5%. The declines were partially offset by the higher price for animals & animal products (+1.3%) and non-ferrous metals (+0.9%). On a year-over-year basis, RMPI was up 19.4% in July.

Current Account

Trade deficit widens ...

Canada's current account deficit (seasonally adjusted) reached $15.3 billion, increasing by $5.3 billion in second quarter. The main reason for the fall was a swing from surplus to deficit on the goods balance. The trade surplus with the US fell by $3.3 billion in the second quarter, following a $4.9 billion increase in the first quarter. While imports from the US expanded, exports shrunk against the backdrop of lower values for crude oil and automobiles as well as a stronger Canadian dollar.

US Economy

U.S. labor market disappoints again ...

US nonfarm payroll employment was unchanged in August following a revised 85,000 increase in July[1]. This fell far short of the concensus forecast of a gain of 60,000 jobs in August. The bad news sent financial and commodity markets down on further concerns of a slowing US economy. Private nonfarm payrolls performed abysmally gaining only 17,000 jobs compared to 156,000 in July. This small gain was fully offset by a government sector loss of 17,000. The unemployment rate remained unchanged at 9.1% as there was also no expansion in the labour force in August.

[1] The monthly nonfarm payroll figures were revised from 117,000 to 85,000 in July and from 46,000 to 20,000 in June.

Current Economic Indicators

Population	2009	2010	2011YTD*	Mar	Apr	May	June	July	Aug
Population [1] (000's) (level)	3,671	3,721	3,758	--	3,758	--	--	--	--
% change	2.2	1.4	1.5	--	1.5	--	--	--	--
Net Interprovincial Migraton [1] (level)	13,184	-2,183	8,940	--	5,275	--	--	--	--
Net International Migration [1] (level)	16,835	21,533	15,143	--	4,149	--	--	--	--
Net Non-permanent Residents [1] (level)	19,162	-77	-8,872	--	-504	--	--	--	--
Labour Market									
Employment (000's)	2,025	2,017	2,073	2,064	2,060	2,069	2,091	2,103	--
% change	-1.3	-0.4	3.2	3.4	2.9	2.8	3.5	3.8	--
Unemployment Rate (%)	6.6	6.5	5.7	5.7	5.9	5.4	5.6	5.5	--
Participation Rate (%)	74.3	72.9	73.4	73.2	73.2	72.9	73.7	73.9	--
Average Weekly Earnings ($)	950.01	993.13	1032.90	1031.15	1032.26	1035.77	1041.45	--	--
% change	2.8	4.5	5.2	5.3	3.3	4.8	5.0	--	--
Price Indices									
Consumer Price Index	-0.1	1.0	2.0	2.0	3.0	2.8	2.1	1.9	--
Excluding food and energy	1.4	0.8	0.6	1.1	0.4	0.8	0.2	0.4	--
Non-Res. Building Cons. Price Index [2]	-9.8	-0.1	3.1	--	2.6	--	--	--	--
Farm Product Price Index	-10.6	-3.9	17.2	19.3	17.0	11.4	--	--	--
Crops	-18.9	-14.5	17.2	18.0	19.4	19.8	--	--	--
Livestock	-2.8	5.7	18.4	20.0	16.1	10.6	--	--	--
Household Sector									
Housing Starts (SAAR, 000's)	20.0	27.1	22.6	20.9	22.3	25.3	23.6	24.3	--
% change	-31.6	33.5	-22.1	-39.4	-24.1	-14.5	-11.9	-17.1	--
New Housing Price Index	-9.0	0.5	0.4	0.5	0.1	0.3	0.3	--	--
Edmonton	-11.2	-0.8	0.8	1.2	0.4	0.7	1.2	--	--
Calgary	-6.7	1.7	0.1	-0.1	-0.2	0.0	-0.3	--	--
MLS Average Resale Prices ($ 000's)	340.5	350.9	353.5	348.8	360.1	351.7	351.7	353.6	--
% change	-3.1	3.1	0.0	-1.9	0.6	-2.4	-1.3	0.4	
Edmonton	319.1	326.5	323.4	320.2	326.4	322.7	322.6	326.8	--
% change	-3.5	2.3	-2.0	-4.6	-4.2	-3.0	-1.8	0.2	--
Calgary	384.3	397.4	400.6	393.4	404.4	403.7	399.3	397.9	--
% change	-4.2	3.4	0.4	-0.8	2.2	-1.3	-2.3	-1.2	--
Retail Sales	-8.3	6.0	6.0	4.3	7.5	7.9	7.4	--	--
New Motor Vehicle Sales	-21.7	9.3	8.6	11.4	8.9	7.0	17.1	--	--
Consumer Bankruptcies	9,986	8,150	3,151	680	640	617	--	--	--
% change	64.6	-18.4	-10.3	-12.4	-14.0	-8.2	--	--	
Business Sector									
Rigs Drilling	128	207	259	366	123	84	150	240	323
% change	-45.6	61.3	40.0	66.6	100.4	50.4	26.9	20.8	45.2
Goods Exports (customs based)	-36.6	12.4	14.5	19.1	10.6	18.2	19.2	--	--
Energy	-40.2	17.2	16.2	22.4	8.6	23.1	20.8	--	--
Agriculture	-12.3	-14.4	3.9	-3.4	11.6	3.7	-0.2	--	--
Total Farm Cash Receipts (quarterly)	-8.0	-3.9	15.9	--	-11.1	--	--	--	--
Manufacturing Shipments	-23.7	11.0	16.1	16.7	19.5	15.5	15.5	--	--
Wholesale Trade	-15.9	10.8	14.5	13.3	9.7	17.0	18.6	--	--
Building Permits	-14.2	2.1	-2.8	-12.6	-22.3	11.7	-17.3	--	--
Residential	-11.8	24.7	-13.6	-4.5	0.2	-10.2	-7.0	--	--
Non-residential	-16.3	-19.0	13.3	-24.4	-49.0	51.9	-27.6	--	--
Business Bankruptcies	405	378	117	26	17	22	--	--	--
% change	-9.4	-6.7	33.9	-45.8	-54.1	-37.1	--	--	--

Government of Alberta ■
Finance and Enterprise

Alberta ■

* YTD – year-to-date represents the change since the beginning of the year compared to the same period in the previous year.

1 Quarterly; annual numbers are presented on a census year basis (July 1 - June 30).

2 Quarterly, average of Calgary and Edmonton

Sources: All data is from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canadian Real Estate Association), Rigs Drilling (Canadian Association of Oilwell Drilling Contractors) and Bankruptcies (Office of the Superintendent of Bankruptcy Canada).

Current Economic Indicators by Province